

January 19, 2000

Gore, Bradley Propose Record Spending Increases

Democrat Spending Plans Eclipse LBJ's Great Society

Ten months before the election, the two contenders for the 2000 Democratic presidential nomination both have proposed social spending programs that eclipse President Clinton's health care plan — and even President Lyndon Johnson's Great Society programs. The costs associated with the contenders' plans exceed these other social-spending behemoths not just in absolute terms, but in real ones — over a comparable period of time and in inflation-adjusted dollars — as well.

The implications of the spending proposals offered by Vice President Al Gore and former Senator Bill Bradley are enormous, both from a budgetary and from a policy perspective. The budgetary consequences are stark enough: the Gore and Bradley spending hikes each would spend the entire projected non-Social Security budget surplus for the next 10 years. The policy consequences are radical: both of the plans propose the largest redistribution of wealth and the largest expansion of the federal government since before the 1960s — in fact likely the largest of all time. Recent press reports indicate CBO may later this month issue higher surplus projections, but as the Democrats' already exorbitantly expensive proposals indicate, to the degree that the projections increase, they likely only will fan the flames of the liberal spending fire already burning out of control.

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A Trillion in Ten

Are we overstating it? Taxpayers should be so lucky. According to press-reported estimates, former Senator Bill Bradley's health care proposal would cost \$1.1 trillion over its first 10 years. Together with his other proposals, his 10-year price tag could be as high as \$1.5 trillion. As a result, Bradley has proposed \$124 billion in new taxes to offset the cost. Vice President Al Gore's health care plan is much smaller by comparison — \$312 billion over its first 10 years — but with his other proposals added to it, this total package comes to approximately \$1.2 trillion over 10 years. Each of these plans exceeds the most recent (1999) Congressional Budget Office (CBO) estimates of the non-Social Security surplus over the next 10 years: \$996 billion.

Spending Comparisons	
(Estimates are from independent sources and are 10-year totals unless otherwise stipulated)	
Gore Spending Proposals	\$1.204 trillion
Bradley Spending Proposals	\$1.243 trillion - \$1.543 trillion
Clinton 1994 Health Care Plan	\$423 billion*
Great Society Spending Programs	\$288.1 billion (5 years in constant 2002 dollars)**
	\$305.7 billion (in 2002-2006 dollars)
Federal and State Welfare Spending: 1964-1973	\$1.018 trillion (in constant 2002 dollars)***
	\$1.149 trillion (in 2002-2011 dollars)
Estimated Non-Social Security Budget Surplus	\$996 billion

* Nine-year CBO figure

** Five-year CRS figure

*** Ten-year Heritage Foundation figure

However, it is not just that Gore and Bradley are proposing to spend more than is available to spend without creating new deficits or spending Social Security funds. More significantly, each is proposing to out-spend even the most liberal administration in American history. Literally, each of their plans would throw the country back to an era of the big-spending government that — incredibly — eclipses even the liberal Johnson Great Society programs of the 1960s. Over its first five years, according to the Congressional Research Service (CRS), the Great Society cost taxpayers \$306 billion in inflation-adjusted dollars. In fact, Bradley and Gore spending proposals amount to roughly the cost of *all* welfare spending — both federal and state — (as defined by the conservative Heritage Foundation) over the Great Society's first 10 years.

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In short, Democrats Bradley and Gore are not simply talking about spending increases that would create deficits. Each already — before a single vote has been cast — is promising to create the most liberal spending administration in American history.

The Bradley Proposal

Former Senator Bill Bradley proposes a sweeping health care plan: to provide a subsidy for every American, regardless of income, to purchase private health insurance. It would also end the federal-state Medicaid program, which provides health care to the nation's poor, by subsidizing their purchase of private health insurance with refundable tax credits. Bradley claims that this proposal of providing subsidies of up to \$5,000 per family to purchase federally approved health insurance would provide health care to 95 percent of Americans. According to his campaign (as reported in 11/9/99 *New York Times*), the Bradley proposal would cost \$55-65 billion annually — \$650 billion over the first 10 years. However, as is discussed below, media reports show outside analysts offering much larger estimates of the cost.

According to Bradley's campaign, the plan would cost \$650 billion over the first 10 years. However, outside analysts offer much larger estimates of the cost.

USA Today reported on November 9, 1999, the much higher estimates of Emory University professor Ken Thorpe, a former Clinton Administration health adviser. He puts the cost of the Bradley plan at \$1.1 trillion over its first 10 years. (Thorpe earlier estimated the plan to cost \$1.2 trillion but revised downward his estimate based on clarifications from the Bradley campaign.) According to the *Washington Post* (12/21/99):

"The main reason that Bradley's plan would cost more than the campaign projects, Thorpe said, is the likely cost of a relatively generous new benefit to give seniors prescription drugs under Medicare. . . . The other place Bradley's plan falls short, Thorpe said, is in reaching the uninsured. An \$1,800 subsidy is not enough. . . . Bradley, he said, would either have to raise the figure or confront the reality that many people will remain uninsured if they received only a partial subsidy."

Martin Feldstein, writing in the *Wall Street Journal* (10/19/99), puts the estimated cost even higher. Feldstein, former chairman of President's Council of Economic Advisers in the Reagan administration and professor of economics at Harvard, estimates that the Bradley plan's first year cost would be \$110 billion — double the lowest estimate provided by the Bradley campaign — and \$1.4 trillion over its first 10 years.

10-Year Spending Estimates of Bradley's Proposals

Health Care Proposal Independent Estimates

Thorpe estimate	\$1.1 trillion
Feldstein estimate	\$1.4 trillion

Other spending proposals	\$143 billion
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Total (utilizing independent estimates)	\$1.243 trillion - \$1.543 trillion
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In addition, Bradley also would spend \$2 billion per year on an Early Care and Education Partnership initiative (\$20 billion over 10 years), a proposal to increase teachers by 200,000 (approximately \$1 billion per year — \$10 billion over 10 years), Helping Children in Poverty (\$9.84 billion in the first year — assuming a 10-year figure of at least \$100 billion), an agriculture aid program (\$1.3 billion in the first year — assuming a 10-year figure of at least \$13 billion). All told, these smaller proposals would add at least another \$143 billion over the next 10 years.

As a result of these outside estimates which show the Bradley proposal producing anywhere from a \$100 billion to \$500 billion on-budget (i.e., non-Social Security) deficit over the next 10 years, the Bradley campaign has proposed a \$124 billion offset (according to the *Washington Post*, 1/5/00) composed of tax increases aimed at corporate America.

The Gore Proposal

While Vice President Al Gore's health care proposal is far less costly than Bradley's — just \$312 billion over 10 years, according to Ken Thorpe — his overall spending plans bring his total spending roughly equal to Bradley's. The *Washington Post* (10/9/99) wrote on Gore: "the major proposals he has made as a candidate or endorsed as vice president — tax cuts, universal preschool and extra spending for defense, education and other programs — could amount to as much as \$1.25 trillion over the next 10 years, according to CBO estimates and calculations by other analysts."

Faced with the same potential on-budget deficits as the Bradley campaign, the Gore campaign has, like Bradley's, attempted to revise downward its overall costs. However, even with the latest estimates (as shown below), the Gore proposals still total approximately \$1.2 trillion in new initiatives over the next 10 years — of which, just \$150 billion are tax cuts.

10-Year Spending Estimates of Gore's Proposals

Gore Health Care Proposal (Thorpe estimate)	\$312 billion
Clinton-Gore Spending Initiatives	
(in latest budget and minus \$245 billion for USA accounts)	\$692 billion
Tax Cut (from Gore Campaign; amount originally \$310 billion)	\$150 billion
Universal Pre-School (from Gore; original policy indicated at least \$100 billion)	\$50 billion
Total	\$1.204 trillion

And so, both the Gore and Bradley proposals likely would not only entirely eliminate the currently projected non-Social Security surplus over the next 10 years but create a multi-hundred-billion dollar deficit as well.

The Great Society Programs Eclipsed by Gore's, Bradley's

While both the Gore and Bradley spending proposals apparently would eliminate the projected \$1 trillion non-Social Security budget surplus over the next 10 years, the roughly \$1.25 trillion sums of money in question do not accurately put into context the true size and scope of the programs envisioned. To do so, it is necessary to place them next to other major spending initiatives. One natural point of comparison would be President Clinton's proposal to nationalize America's health care system in 1994. According to CBO's 1994 official estimates, this proposal would have resulted in \$423 billion in new federal spending over the nine-year period from 1996-2004. After its accompanying tax increases were deducted from the total, the result, according to CBO's estimate, was a \$136 billion deficit. Obviously, both the Gore and the Bradley proposals would dwarf this figure, which was deemed irresponsible just six years ago.

To arrive at a policy initiative of equivalent magnitude to the grandiose plans of both Gore and Bradley, it is necessary to go back over a generation to the 1960s and the presidency of Lyndon Johnson. Johnson termed his sweeping proposal the "Great Society." Johnson stated in May, 1964: "...We have the opportunity to move not only toward the rich society and the powerful society, but upward to the Great Society. The Great Society rests on abundance and liberty for all."

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The Great Society was not a single program or even a formally designated series of programs but rather a series of goals. CRS points out, "there is debate on which programs actually comprise the 'Great Society.'" Liberal policymakers simply assumed that they would both know how to get there and when they had arrived. The Great Society's overly ambitious and ambiguous goals constitute what is probably the single largest liberal spending program in America's history.

Of course, taken over a generation ago and before the effects of four decades' worth of inflation — particularly the rampant inflation of the late 1970s — the cost of the Great Society hardly seems significant by today's standards. According to a CRS report analyzing Johnson Administration budget documents, the cost of the first five years of the Great Society programs amounted to \$54.4 billion. Translated into comparable dollars for the Gore and Bradley plans — which would presumably take effect in 2002 and run through 2006 — the Great Society programs would have cost \$305.7 billion if overlaid onto these same five years. This five-year figure is just a quarter the cost of either the Gore or the Bradley totals, both of which are 10-year figures.

Regrettably, CRS did not determine a 10-year figure for the Great Society's cost. It is a valid question to ask what the six-through-ten year effects would be for programs that grew dramatically. Would this second set of five-years have eliminated Gore and Bradley's cost overage? Based on an examination of broader programmatic spending encompassing more than just the Great Society, the answer is "No."

The Heritage Foundation, a conservative think tank hardly attuned to minimizing government spending, did a 1995 estimate of the history of what it termed "welfare spending." Comprising more than just the Great Society programs — because many Great Society programs expanded existing income redistribution programs — and encompassing both federal and state spending on these programs, Heritage calculated that welfare spending during the first 10 years of the Great Society — 1964-1973 — totaled \$227 billion. Translating this figure into dollars comparable to the first 10 years of the Gore and Bradley plans yields a figure of \$1.149 trillion. Again, this is less than the outside estimates of the Gore or Bradley plans — and it also comprises not only a federal cost figure but the combined federal *and* state costs.

The Heritage Foundation calculated that all welfare spending during the first 10 years of the Great Society totaled \$227 billion. Translating this into comparable dollars to the first 10 years of Gore's and Bradley's plans, it amounts to \$1.149 trillion — a total less than the outside estimates of the Gore and Bradley plans.

If the figures for the CRS's Great Society and Heritage's welfare spending are left in constant 2002 dollars (i.e., not adjusted for inflation in the years 2003-2011), the disparity between the Bradley and Gore spending plans would be even greater. In constant 2002 dollars, the Great Society programs cost \$288.1 billion over five years. In constant 2002 dollars, Heritage's welfare spending estimates totaled \$1.108 trillion over its first 10 years.

Gore and Bradley: Massive Income Redistribution Finances Big Spending

Ten months before the election, both Gore and Bradley have already promised spending increases that would not only eliminate the anticipated non-Social Security budget surplus, but would eclipse even the biggest government spending plans in recent history. The Gore and Bradley proposals already dwarf the Clinton nationalized health care proposal of six years ago — and even eclipse Johnson's Great Society programs of the 1960s.

As a result, the Democrat candidates for president are not simply talking about increased spending or even of deficit spending, they are talking about unprecedented spending increases — the likes of which no American taxpayer likely has ever seen. It is precisely the mandatory entitlement spending of the Great Society programs that have fueled the dramatic increases in federal spending and will create unsustainable future pressures if they are not reformed in the near future. Yet, the spending flight plans laid out by both Democrat candidates are for even steeper trajectories than these — and at the same time that they would be adding to them.

Put in context, the Democrat presidential candidates are talking explicitly about the largest spending increases in memory. And they are talking implicitly about a massive redistribution of wealth — from American income taxpayers who have created the projected budget surpluses and would be paying the interest on any deficits — to fund their new spending. The question that these taxpayers should be asking is: "Is this direction I want my tax dollars and my country to follow?"

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